

## **BILL ANALYSIS**

Senate Research Center  
88R27205 CJD-D

C.S.H.B. 1706  
By: Perez et al. (Schwertner)  
Business & Commerce  
5/4/2023  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

C.S.H.B. 1706 establishes the right of an insured to hire a licensed public insurance adjuster. Certain insurance carriers, particularly surplus lines, which are not subject to the same regulatory oversight as other insurers in Texas, have sought to restrict or remove from their policies the ability of an insured to hire a public adjuster.

C.S.H.B. 1706 amends Chapter 4102, Insurance Code, to ensure a commercial or residential insurance policy issued in Texas may not prohibit the policyholder from hiring a public adjuster.

C.S.H.B. 1706 clarifies that any endorsements to commercial or residential policies may not prohibit the right to contract with a public adjuster.

C.S.H.B. 1706 amends current law relating to the right of an insured to enter into a contract with a public insurance adjuster.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter A, Chapter 4102, Insurance Code, by adding Section 4102.007, as follows:

Sec. 4102.007. RIGHT TO CONTRACT WITH LICENSE HOLDER. (a) Provides that this section, notwithstanding Sections 4001.002 (Applicability) and 4102.002 (General Exemptions), applies to a commercial or residential property insurance policy issued by an insurer, including:

- (1) a capital stock insurance company;
- (2) a mutual insurance company;
- (3) a county mutual insurance company;
- (4) a Lloyd's plan;
- (5) a reciprocal or interinsurance exchange;
- (6) a farm mutual insurance company; and
- (7) an eligible surplus lines insurer if this state is the insured's home state as defined by Section 981.002 (Definitions).

(b) Prohibits an insurance policy, including any endorsement, to which this section applies from including a provision that prohibits an insured from

contracting with a public insurance adjuster for services provided under Chapter 4102 (Public Insurance Adjusters).

(c) Provides that an insured is not required to enter into a contract described by Subsection (b).

SECTION 2. Makes application of Section 4102.007, Insurance Code, as added by this Act, prospective to January 1, 2024.

SECTION 3. Effective date: September 1, 2023.